



# Senate

General Assembly

**File No. 844**

January Session, 2015

Substitute Senate Bill No. 1

*Senate, May 18, 2015*

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT CONCERNING TAX FAIRNESS AND ECONOMIC DEVELOPMENT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2016*) (a) For purposes of this  
2 section, "state, municipal or tribal property" means all real property  
3 described in subsection (a) of section 12-19a of the general statutes, as  
4 amended by this act, "college and hospital property" means all real  
5 property described in subsection (a) of section 12-20a of the general  
6 statutes, as amended by this act, "municipality" means any town, city,  
7 borough, consolidated town and city and consolidated town and  
8 borough, and "district" means any district, as defined in section 7-324,  
9 of the general statutes.

10 (b) Notwithstanding the provisions of sections 12-19a and 12-20a of  
11 the general statutes, as amended by this act, all funds appropriated for  
12 state grants in lieu of taxes shall be payable to municipalities and  
13 districts pursuant to the provisions of this section. For fiscal years

14 commencing on and after July 1, 2016, all state grants in lieu of  
15 property taxes for state, municipal or tribal property and college and  
16 hospital property shall be such that each municipality or district shall  
17 receive a grant in lieu of taxes in an amount equal to or greater than  
18 that paid to the municipality or district pursuant to sections 12-19a and  
19 12-20a of the general statutes, as amended by this act, for the fiscal year  
20 commencing July 1, 2014. On or before January first, annually, the  
21 Secretary of the Office of Policy and Management shall determine the  
22 amount due, as a state grant in lieu of taxes, to each municipality and  
23 district in this state wherein college and hospital property is located  
24 and to each municipality in this state wherein state, municipal or tribal  
25 property, except that which was acquired and used for highways and  
26 bridges, but not excepting property acquired and used for highway  
27 administration or maintenance purposes, is located.

28 (1) The grant payable to any municipality for state, municipal or  
29 tribal property under the provisions of this section in the fiscal year  
30 commencing July 1, 2016, and each fiscal year thereafter shall be equal  
31 to the total of:

32 (A) One hundred per cent of the property taxes that would have  
33 been paid with respect to any facility designated by the Commissioner  
34 of Correction, on or before August first of each year, to be a  
35 correctional facility administered under the auspices of the  
36 Department of Correction or a juvenile detention center under  
37 direction of the Department of Children and Families that was used for  
38 incarcerative purposes during the preceding fiscal year. If a list  
39 containing the name and location of such designated facilities and  
40 information concerning their use for purposes of incarceration during  
41 the preceding fiscal year is not available from the Secretary of the State  
42 on August first of any year, the Commissioner of Correction shall, on  
43 said date, certify to the Secretary of the Office of Policy and  
44 Management a list containing such information;

45 (B) One hundred per cent of the property taxes that would have  
46 been paid with respect to that portion of the John Dempsey Hospital

47 located at The University of Connecticut Health Center in Farmington  
48 that is used as a permanent medical ward for prisoners under the  
49 custody of the Department of Correction. Nothing in this section shall  
50 be construed as designating any portion of The University of  
51 Connecticut Health Center John Dempsey Hospital as a correctional  
52 facility;

53 (C) One hundred per cent of the property taxes that would have  
54 been paid on any land designated within the 1983 Settlement  
55 boundary and taken into trust by the federal government for the  
56 Mashantucket Pequot Tribal Nation on or after June 8, 1999;

57 (D) Subject to the provisions of subsection (c) of section 12-19a of the  
58 general statutes, as amended by this act, sixty-five per cent of the  
59 property taxes that would have been paid with respect to the buildings  
60 and grounds comprising Connecticut Valley Hospital in Middletown;

61 (E) With respect to any municipality in which more than fifty per  
62 cent of the property is state-owned real property, one hundred per cent  
63 of the property taxes that would have been paid with respect to such  
64 state-owned property;

65 (F) Forty-five per cent of the property taxes that would have been  
66 paid with respect to all municipally owned airports; except for the  
67 exemption applicable to such property, on the assessment list in such  
68 municipality for the assessment date two years prior to the  
69 commencement of the state fiscal year in which such grant is payable.  
70 The grant provided pursuant to this section for any municipally  
71 owned airport shall be paid to any municipality in which the airport is  
72 located, except that the grant applicable to Sikorsky Airport shall be  
73 paid one-half to the town of Stratford and one-half to the city of  
74 Bridgeport;

75 (G) Forty-five per cent of the property taxes that would have been  
76 paid with respect to any land designated within the 1983 Settlement  
77 boundary and taken into trust by the federal government for the  
78 Mashantucket Pequot Tribal Nation prior to June 8, 1999, or taken into

79 trust by the federal government for the Mohegan Tribe of Indians of  
80 Connecticut, provided the real property subject to this subparagraph  
81 shall be the land only, and shall not include the assessed value of any  
82 structures, buildings or other improvements on such land; and

83 (H) Forty-five per cent of the property taxes that would have been  
84 paid with respect to all other state-owned real property.

85 (2) (A) The grant payable to any municipality or district for college  
86 and hospital property under the provisions of this section in the fiscal  
87 year commencing July 1, 2016, and each fiscal year thereafter shall be  
88 equal to the total of seventy-seven per cent of the property taxes that,  
89 except for any exemption applicable to any institution of higher  
90 education or general hospital facility under the provisions of section  
91 12-81 of the general statutes, would have been paid with respect to  
92 college and hospital property on the assessment list in such  
93 municipality or district for the assessment date two years prior to the  
94 commencement of the state fiscal year in which such grant is payable;  
95 and

96 (B) Notwithstanding the provisions of subparagraph (A) of this  
97 subdivision, the grant payable to any municipality or district with  
98 respect to a campus of the United States Department of Veterans  
99 Affairs Connecticut Healthcare Systems shall be one hundred per cent.

100 (c) The Secretary of the Office of Policy and Management shall list  
101 municipalities and districts based on the percentage of real property  
102 on the grand list of each municipality that is exempt from property tax  
103 under any provision of the general statutes other than that set forth in  
104 subparagraph (A) of subdivision (1) of subsection (b) of this section.  
105 Such tax exempt property shall not include municipally owned  
106 property except for municipally owned airports. Boroughs and  
107 districts shall have the same ranking as the municipality in which such  
108 borough or district is located.

109 (d) (1) In the event that the total of grants payable to each  
110 municipality and district in accordance with the provisions of

111 subsection (b) of this section exceeds the amount appropriated for the  
112 purposes of this section for the fiscal year, (A) the amount of the grant  
113 payable to each municipality in any year for property described in  
114 subparagraphs (A) to (G), inclusive, of subdivision (1) of subsection (b)  
115 of this section and to each municipality or district in any year for  
116 property described in subparagraph (B) of subdivision (2) of  
117 subsection (b) of this section shall be reduced proportionately,  
118 provided no such grant shall be reduced to an amount less than that  
119 received by a municipality or district for such property pursuant to  
120 section 12-19a or 12-20a of the general statutes, as amended by this act,  
121 for the fiscal year commencing July 1, 2014; (B) the amount of the grant  
122 payable to each municipality or district in any year for property  
123 described in subparagraph (A) of subdivision (2) of subsection (b) of  
124 this section shall be reduced as follows, provided no such grant shall  
125 be reduced to an amount less than that received by a municipality or  
126 district for such property pursuant to section 12-20a of the general  
127 statutes, as amended by this act, for the fiscal year commencing July 1,  
128 2014: (i) The ten municipalities or districts with the highest percentage  
129 of tax exempt property on the list of municipalities prepared by the  
130 secretary pursuant to subsection (c) of this section and having a mill  
131 rate of twenty-five mills or more shall each receive a grant in lieu of  
132 taxes equal to forty-two per cent of the property taxes that would have  
133 been paid to such municipality or district on college and hospital  
134 property other than that set forth in subparagraph (B) of subdivision  
135 (2) of subsection (b) of this section; (ii) the next twenty-five  
136 municipalities or districts with the highest percentage of tax exempt  
137 property on such list having a mill rate of twenty-five mills or more  
138 shall each receive a grant in lieu of taxes equal to thirty-seven per cent  
139 of the property taxes that would have been paid to such municipality  
140 or district on college and hospital property other than that set forth in  
141 subparagraph (B) of subdivision (2) of subsection (b) of this section;  
142 and (iii) all municipalities or districts not included in subparagraphs  
143 (B)(i) and (B)(ii) of this subdivision shall each receive a grant in lieu of  
144 taxes equal to thirty-two per cent of the property taxes that would  
145 have been paid to such municipality or district on college and hospital

146 property other than that set forth in subparagraph (B) of subdivision  
147 (2) of subsection (b) of this section; and (C) the amount of the grant  
148 payable to each municipality in any year for property described in  
149 subparagraph (H) of subdivision (1) of subsection (b) of this section  
150 shall be reduced as follows, provided no such grant shall be reduced to  
151 an amount less than that received by a municipality for such property  
152 pursuant to section 12-19a of the general statutes, as amended by this  
153 act, for the fiscal year commencing July 1, 2014: (i) The ten  
154 municipalities with the highest percentage of tax exempt property on  
155 the list of municipalities prepared by the secretary pursuant to  
156 subsection (c) of this section and having a mill rate of twenty-five mills  
157 or more shall each receive a grant in lieu of taxes equal to thirty-two  
158 per cent of the property taxes that would have been paid to such  
159 municipality for property described in subparagraph (H) of  
160 subdivision (1) of subsection (b) of this section; (ii) the next twenty-five  
161 municipalities with the highest percentage of tax exempt property on  
162 such list having a mill rate of twenty-five mills or more shall each  
163 receive a grant in lieu of taxes equal to twenty-eight per cent of the  
164 property taxes that would have been paid to such municipality for  
165 property described in subparagraph (H) of subdivision (1) of  
166 subsection (b) of this section; and (iii) all municipalities not included in  
167 subparagraphs (C)(i) and (C)(ii) of this subdivision shall each receive a  
168 grant in lieu of taxes equal to twenty-four per cent of the property  
169 taxes that would have been paid to such municipality for property  
170 described in subparagraph (H) of subdivision (1) of subsection (b) of  
171 this section.

172 (2) If the amount appropriated for the purposes of subsection (b) of  
173 this section is less than the total of grants payable to each municipality  
174 and district in accordance with subsection (b) of this section but  
175 exceeds the amount necessary to issue grants to each municipality and  
176 district in an amount equal to that received by each such municipality  
177 or district pursuant to section 12-19a or 12-20a of the general statutes,  
178 as amended by this act, for the fiscal year commencing July 1, 2014, for  
179 property described in subparagraphs (A) to (G), inclusive, of  
180 subdivision (1) and subparagraph (B) of subdivision (2) of subsection

181 (b) of this section plus the amount of grants payable pursuant to  
182 subparagraphs (B) and (C) of subdivision (1) of this subsection, then  
183 each grant payable to a municipality or district in accordance with this  
184 section shall be increased proportionately to the amount received by  
185 each municipality or district pursuant to subdivision (1) of this  
186 subsection.

187 (e) Notwithstanding the provisions of subsections (a) to (d),  
188 inclusive, of this section, for any municipality receiving payments  
189 under section 15-120ss of the general statutes, property located in such  
190 municipality at Bradley International Airport shall not be included in  
191 the calculation of any state grant in lieu of taxes pursuant to this  
192 section.

193 (f) For purposes of this section, any real property which is owned by  
194 the John Dempsey Hospital Finance Corporation established pursuant  
195 to the provisions of sections 10a-250 to 10a-263, inclusive, of the  
196 general statutes or by one or more subsidiary corporations established  
197 pursuant to subdivision (13) of section 10a-254 of the general statutes  
198 and which is free from taxation pursuant to the provisions of section  
199 10a-259 of the general statutes shall be deemed to be state-owned real  
200 property.

201 (g) The Office of Policy and Management shall report, in accordance  
202 with the provisions of section 11-4a of the general statutes, to the joint  
203 standing committee of the General Assembly having cognizance of  
204 matters relating to finance, revenue and bonding, on or before July 1,  
205 2017, and on or before July first annually thereafter until July 1, 2020,  
206 with regard to the grants distributed in accordance with this section,  
207 and shall include in such reports any recommendations for changes in  
208 the grants.

209 Sec. 2. Subsection (a) of section 12-19a of the general statutes is  
210 repealed and the following is substituted in lieu thereof (*Effective July*  
211 *1, 2015*):

212 (a) [On] Until the fiscal year commencing July 1, 2016, on or before

213 January first, annually, the Secretary of the Office of Policy and  
214 Management shall determine the amount due, as a state grant in lieu of  
215 taxes, to each town in this state wherein state-owned real property,  
216 reservation land held in trust by the state for an Indian tribe or a  
217 municipally owned airport, except that which was acquired and used  
218 for highways and bridges, but not excepting property acquired and  
219 used for highway administration or maintenance purposes, is located.  
220 The grant payable to any town under the provisions of this section in  
221 the state fiscal year commencing July 1, 1999, and each fiscal year  
222 thereafter, shall be equal to the total of (1) (A) one hundred per cent of  
223 the property taxes which would have been paid with respect to any  
224 facility designated by the Commissioner of Correction, on or before  
225 August first of each year, to be a correctional facility administered  
226 under the auspices of the Department of Correction or a juvenile  
227 detention center under direction of the Department of Children and  
228 Families that was used for incarcerative purposes during the preceding  
229 fiscal year. If a list containing the name and location of such  
230 designated facilities and information concerning their use for purposes  
231 of incarceration during the preceding fiscal year is not available from  
232 the Secretary of the State on the first day of August of any year, said  
233 commissioner shall, on said first day of August, certify to the Secretary  
234 of the Office of Policy and Management a list containing such  
235 information, (B) one hundred per cent of the property taxes which  
236 would have been paid with respect to that portion of the John  
237 Dempsey Hospital located at The University of Connecticut Health  
238 Center in Farmington that is used as a permanent medical ward for  
239 prisoners under the custody of the Department of Correction. Nothing  
240 in this section shall be construed as designating any portion of The  
241 University of Connecticut Health Center John Dempsey Hospital as a  
242 correctional facility, and (C) in the state fiscal year commencing July 1,  
243 2001, and each fiscal year thereafter, one hundred per cent of the  
244 property taxes which would have been paid on any land designated  
245 within the 1983 Settlement boundary and taken into trust by the  
246 federal government for the Mashantucket Pequot Tribal Nation on or  
247 after June 8, 1999, (2) subject to the provisions of subsection (c) of this

248 section, sixty-five per cent of the property taxes which would have  
249 been paid with respect to the buildings and grounds comprising  
250 Connecticut Valley Hospital in Middletown. Such grant shall  
251 commence with the fiscal year beginning July 1, 2000, and continuing  
252 each year thereafter, (3) notwithstanding the provisions of subsections  
253 (b) and (c) of this section, with respect to any town in which more than  
254 fifty per cent of the property is state-owned real property, one hundred  
255 per cent of the property taxes which would have been paid with  
256 respect to such state-owned property. Such grant shall commence with  
257 the fiscal year beginning July 1, 1997, and continuing each year  
258 thereafter, (4) subject to the provisions of subsection (c) of this section,  
259 forty-five per cent of the property taxes which would have been paid  
260 with respect to all other state-owned real property, (5) forty-five per  
261 cent of the property taxes which would have been paid with respect to  
262 all municipally owned airports; except for the exemption applicable to  
263 such property, on the assessment list in such town for the assessment  
264 date two years prior to the commencement of the state fiscal year in  
265 which such grant is payable. The grant provided pursuant to this  
266 section for any municipally owned airport shall be paid to any  
267 municipality in which the airport is located, except that the grant  
268 applicable to Sikorsky Airport shall be paid half to the town of  
269 Stratford and half to the city of Bridgeport, and (6) forty-five per cent  
270 of the property taxes which would have been paid with respect to any  
271 land designated within the 1983 Settlement boundary and taken into  
272 trust by the federal government for the Mashantucket Pequot Tribal  
273 Nation prior to June 8, 1999, or taken into trust by the federal  
274 government for the Mohegan Tribe of Indians of Connecticut,  
275 provided (A) the real property subject to this subdivision shall be the  
276 land only, and shall not include the assessed value of any structures,  
277 buildings or other improvements on such land, and (B) said forty-five  
278 per cent grant shall be phased in as follows: (i) In the fiscal year  
279 commencing July 1, 2012, an amount equal to ten per cent of said forty-  
280 five per cent grant, (ii) in the fiscal year commencing July 1, 2013,  
281 thirty-five per cent of said forty-five per cent grant, (iii) in the fiscal  
282 year commencing July 1, 2014, sixty per cent of said forty-five per cent

283 grant, (iv) in the fiscal year commencing July 1, 2015, eighty-five per  
284 cent of said forty-five per cent grant, and (v) in the fiscal year  
285 commencing July 1, 2016, one hundred per cent of said forty-five per  
286 cent grant.

287 Sec. 3. Subsection (a) of section 12-20a of the general statutes is  
288 repealed and the following is substituted in lieu thereof (*Effective July*  
289 *1, 2015*):

290 (a) [On] Until the fiscal year commencing July 1, 2016, on or before  
291 January first, annually, the Secretary of the Office of Policy and  
292 Management shall determine the amount due to each municipality in  
293 the state, in accordance with this section, as a state grant in lieu of  
294 taxes with respect to real property owned by any private nonprofit  
295 institution of higher learning or any nonprofit general hospital facility  
296 or freestanding chronic disease hospital or an urgent care facility that  
297 operates for at least twelve hours a day and that had been the location  
298 of a nonprofit general hospital for at least a portion of calendar year  
299 1996 to receive payments in lieu of taxes for such property, exclusive of  
300 any such facility operated by the federal government, except a campus  
301 of the United States Department of Veterans Affairs Connecticut  
302 Healthcare Systems, or the state of Connecticut or any subdivision  
303 thereof. As used in this section, "private nonprofit institution of higher  
304 learning" means any such institution, as defined in subsection (a) of  
305 section 10a-34, or any independent institution of higher education, as  
306 defined in subsection (a) of section 10a-173, that is engaged primarily  
307 in education beyond the high school level, and offers courses of  
308 instruction for which college or university-level credit may be given or  
309 may be received by transfer, the property of which is exempt from  
310 property tax under any of the subdivisions of section 12-81; "nonprofit  
311 general hospital facility" means any such facility that is used primarily  
312 for the purpose of general medical care and treatment, exclusive of any  
313 hospital facility used primarily for the care and treatment of special  
314 types of disease or physical or mental conditions; and "freestanding  
315 chronic disease hospital" means a facility that provides for the care and  
316 treatment of chronic diseases, excluding any such facility having an

317 ownership affiliation with and operated in the same location as a  
318 chronic and convalescent nursing home.

319 Sec. 4. Section 12-19b of the general statutes is repealed and the  
320 following is substituted in lieu thereof (*Effective July 1, 2016*):

321 (a) Not later than April first in any assessment year, any town or  
322 borough to which a grant is payable under the provisions of section 12-  
323 19a, as amended by this act, or section 1 of this act, shall provide the  
324 Secretary of the Office of Policy and Management with the assessed  
325 valuation of the real property eligible therefor as of the first day of  
326 October immediately preceding, adjusted in accordance with any  
327 gradual increase in or deferment of assessed values of real property  
328 implemented in accordance with section 12-62c, which is required for  
329 computation of such grant. Any town which neglects to transmit to the  
330 secretary the assessed valuation as required by this section shall forfeit  
331 two hundred fifty dollars to the state, provided the secretary may  
332 waive such forfeiture in accordance with procedures and standards  
333 adopted by regulation in accordance with chapter 54. Said secretary  
334 may on or before the first day of August of the state fiscal year in  
335 which such grant is payable, reevaluate any such property when, in  
336 the secretary's judgment, the valuation is inaccurate and shall notify  
337 such town of such reevaluation by certified or registered mail. Any  
338 town or borough aggrieved by the action of the secretary under the  
339 provisions of this section may, not later than ten business days  
340 following receipt of such notice, appeal to the secretary for a hearing  
341 concerning such reevaluation. Such appeal shall be in writing and shall  
342 include a statement as to the reasons for such appeal. The secretary  
343 shall, not later than ten business days following receipt of such appeal,  
344 grant or deny such hearing by notification in writing, including in the  
345 event of a denial, a statement as to the reasons for such denial. Such  
346 notification shall be sent by certified or registered mail. If any town or  
347 borough is aggrieved by the action of the secretary following such  
348 hearing or in denying any such hearing, the town or borough may not  
349 later than ten business days after receiving such notice, appeal to the  
350 superior court for the judicial district wherein such town is located.

351 Any such appeal shall be privileged.

352 (b) Notwithstanding the provisions of section [12-19a] 1 of this act  
353 or subsection (a) of this section, there shall be an amount due the  
354 municipality of Voluntown, on or before the thirtieth day of  
355 September, annually, with respect to any state-owned forest, of an  
356 additional sixty thousand dollars, which amount shall be paid from the  
357 annual appropriation, from the General Fund, for reimbursement to  
358 towns for loss of taxes on private tax-exempt property.

359 Sec. 5. Section 12-19c of the general statutes is repealed and the  
360 following is substituted in lieu thereof (*Effective July 1, 2016*):

361 The Secretary of the Office of Policy and Management shall, not  
362 later than September fifteenth, certify to the Comptroller the amount  
363 due each town or borough under the provisions of section [12-19a] 1 of  
364 this act, or under any recomputation occurring prior to said September  
365 fifteenth which may be effected as the result of the provisions of  
366 section 12-19b, as amended by this act, and the Comptroller shall draw  
367 an order on the Treasurer on or before the fifth business day following  
368 September fifteenth and the Treasurer shall pay the amount thereof to  
369 such town on or before the thirtieth day of September following. If any  
370 recomputation is effected as the result of the provisions of section 12-  
371 19b, as amended by this act, on or after the August first following the  
372 date on which the town has provided the assessed valuation in  
373 question, any adjustments to the amount due to any town for the  
374 period for which such adjustments were made shall be made in the  
375 next payment the Treasurer shall make to such town pursuant to this  
376 section.

377 Sec. 6. Section 12-20b of the general statutes is repealed and the  
378 following is substituted in lieu thereof (*Effective July 1, 2016*):

379 (a) Not later than April first in each year, any municipality to which  
380 a grant is payable under the provisions of section 12-20a, as amended  
381 by this act, or section 1 of this act, shall provide the Secretary of the  
382 Office of Policy and Management with the assessed valuation of the

383 tax-exempt real property as of the immediately preceding October  
384 first, adjusted in accordance with any gradual increase in or deferment  
385 of assessed values of real property implemented in accordance with  
386 section 12-62c, which is required for computation of such grant. Any  
387 municipality which neglects to transmit to the Secretary of the Office of  
388 Policy and Management the assessed valuation as required by this  
389 section shall forfeit two hundred fifty dollars to the state, provided the  
390 secretary may waive such forfeiture in accordance with procedures  
391 and standards adopted by regulation in accordance with chapter 54.  
392 Said secretary may, on or before the first day of August of the state  
393 fiscal year in which such grant is payable, reevaluate any such  
394 property when, in his or her judgment, the valuation is inaccurate and  
395 shall notify such municipality of such reevaluation. Any municipality  
396 aggrieved by the action of said secretary under the provisions of this  
397 section may, not later than ten business days following receipt of such  
398 notice, appeal to the secretary for a hearing concerning such  
399 reevaluation, provided such appeal shall be in writing and shall  
400 include a statement as to the reasons for such appeal. The secretary  
401 shall, not later than ten business days following receipt of such appeal,  
402 grant or deny such hearing by notification in writing, including in the  
403 event of a denial, a statement as to the reasons for such denial. If any  
404 municipality is aggrieved by the action of the secretary following such  
405 hearing or in denying any such hearing, the municipality may not later  
406 than two weeks after such notice, appeal to the superior court for the  
407 judicial district in which the municipality is located. Any such appeal  
408 shall be privileged. Said secretary shall certify to the Comptroller the  
409 amount due each municipality under the provisions of section [12-20a]  
410 1 of this act, or under any recomputation occurring prior to September  
411 fifteenth which may be effected as the result of the provisions of this  
412 section, and the Comptroller shall draw his or her order on the  
413 Treasurer on or before the fifth business day following September  
414 fifteenth and the Treasurer shall pay the amount thereof to such  
415 municipality on or before the thirtieth day of September following. If  
416 any recomputation is effected as the result of the provisions of this  
417 section on or after the January first following the date on which the

418 municipality has provided the assessed valuation in question, any  
419 adjustments to the amount due to any municipality for the period for  
420 which such adjustments were made shall be made in the next payment  
421 the Treasurer shall make to such municipality pursuant to this section.

422 (b) Notwithstanding the provisions of section [12-20a] 1 of this act  
423 or subsection (a) of this section, the amount due the municipality of  
424 Branford, on or before the thirtieth day of September, annually, with  
425 respect to the Connecticut Hospice, in Branford, shall be one hundred  
426 thousand dollars, which amount shall be paid from the annual  
427 appropriation, from the General Fund, for reimbursement to towns for  
428 loss of taxes on private tax-exempt property.

429 (c) Notwithstanding the provisions of section [12-20a] 1 of this act or  
430 subsection (a) of this section, the amount due the city of New London,  
431 on or before the thirtieth day of September, annually, with respect to  
432 the United States Coast Guard Academy in New London, shall be one  
433 million dollars, which amount shall be paid from the annual  
434 appropriation, from the General Fund, for reimbursement to towns for  
435 loss of taxes on private tax-exempt property.

436 Sec. 7. Subsection (a) of section 12-63h of the general statutes is  
437 repealed and the following is substituted in lieu thereof (*Effective July*  
438 *1, 2016*):

439 (a) The Secretary of the Office of Policy and Management shall  
440 establish a pilot program in up to three municipalities whereby the  
441 selected municipalities shall develop a plan for implementation of land  
442 value taxation that (1) classifies real estate included in the taxable  
443 grand list as (A) land or land exclusive of buildings, or (B) buildings on  
444 land; and (2) establishes a different mill rate for property tax purposes  
445 for each class, provided the higher mill rate shall apply to land or land  
446 exclusive of buildings. The different mill rates for taxable real estate in  
447 each class shall not be applicable to any property for which a grant is  
448 payable under section [12-19a or 12-20a] 1 of this act.

449 Sec. 8. Subsection (b) of section 12-64 of the general statutes is

450 repealed and the following is substituted in lieu thereof (*Effective July*  
451 *1, 2016*):

452 (b) Except as provided in subsection (c) of this section, any land,  
453 buildings or easement to use air rights belonging to or held in trust for  
454 the state, not used for purposes attributable to functions of the state  
455 government or any other governmental purpose but leased to a person  
456 or organization for use unrelated to any such purpose, exclusive of any  
457 such lease with respect to which a binding agreement is in effect on  
458 June 25, 1985, shall be separately assessed in the name of the lessee and  
459 subject to local taxation annually in the name of the lessee having  
460 immediate right to occupancy of such land or building, by the town  
461 wherein situated as of the assessment day next following the date of  
462 leasing pursuant to section 4b-38, as amended by this act. If such  
463 property or any portion thereof is leased to any organization which, if  
464 the property were owned by or held in trust for such organization,  
465 would not be liable for taxes with respect to such property under any  
466 of the subdivisions of section 12-81, such organization shall be entitled  
467 to exemption from property taxes as the lessee under such lease,  
468 provided such property is used exclusively for the purposes of such  
469 organization as stated in the applicable subdivision of [said] section 12-  
470 81 and the portion of such property so leased to such exempt  
471 organization shall be eligible for a grant in lieu of taxes pursuant to  
472 section [12-19a] 1 of this act. Whenever the lessee of such property is  
473 required to pay property taxes to the town in which such property is  
474 situated as provided in this subsection, the assessed valuation of such  
475 property subject to the interest of the lessee shall not be included in the  
476 annual list of assessed values of state-owned real property in such  
477 town as prepared for purposes of state grants in accordance with [said]  
478 section [12-19a] 1 of this act and the amount of grant to such town  
479 under [said] section [12-19a] 1 of this act shall be determined without  
480 consideration of such assessed value.

481 Sec. 9. Subsections (a) to (d), inclusive, of section 3-55j of the general  
482 statutes are repealed and the following is substituted in lieu thereof  
483 (*Effective July 1, 2016*):

484 (a) Twenty million dollars of the moneys available in the  
485 Mashantucket Pequot and Mohegan Fund established by section 3-55i  
486 shall be paid to municipalities eligible for a state grant in lieu of taxes  
487 pursuant to subsection (b) of section [12-19a] 1 of this act in addition to  
488 the grants payable to such municipalities pursuant to section [12-19a] 1  
489 of this act subject to the provisions of subsection (b) of this section.  
490 Such grant shall be [calculated under the provisions of section 12-19a  
491 and shall equal one-third of the additional amount which such  
492 municipalities would be eligible to receive if the total amount available  
493 for distribution were eighty-five million two hundred five thousand  
494 eighty-five dollars and the percentage of reimbursement set forth in  
495 section 12-19a were increased to reflect such amount] equal to that  
496 paid to the municipality pursuant to this section for the fiscal year  
497 commencing July 1, 2014. Any eligible special services district shall  
498 receive a portion of the grant payable under this subsection to the  
499 town in which such district is located. The portion payable to any such  
500 district under this subsection shall be the amount of the grant to the  
501 town under this subsection which results from application of the  
502 district mill rate to exempt property in the district. As used in this  
503 subsection and subsection (c) of this section, "eligible special services  
504 district" means any special services district created by a town charter,  
505 having its own governing body and for the assessment year  
506 commencing October 1, 1996, containing fifty per cent or more of the  
507 value of total taxable property within the town in which such district is  
508 located.

509 (b) No municipality shall receive a grant pursuant to subsection (a)  
510 of this section which, when added to the amount of the grant payable  
511 to such municipality pursuant to subsection (b) of section [12-19a] 1 of  
512 this act, would exceed one hundred per cent of the property taxes  
513 which would have been paid with respect to all state-owned real  
514 property, except for the exemption applicable to such property, on the  
515 assessment list in such municipality for the assessment date two years  
516 prior to the commencement of the state fiscal year in which such grants  
517 are payable, except that, notwithstanding the provisions of said  
518 subsection (a), no municipality shall receive a grant pursuant to said

519 subsection which is less than one thousand six hundred sixty-seven  
520 dollars.

521 (c) Twenty million one hundred twenty-three thousand nine  
522 hundred sixteen dollars of the moneys available in the Mashantucket  
523 Pequot and Mohegan Fund established by section 3-55i shall be paid to  
524 municipalities eligible for a state grant in lieu of taxes pursuant to  
525 subsection (b) of section [12-20a] 1 of this act, in addition to [and in the  
526 same proportion as] the grants payable to such municipalities  
527 pursuant to section [12-20a] 1 of this act, subject to the provisions of  
528 subsection (d) of this section. Such grant shall be equal to that paid to  
529 the municipality pursuant to this section for the fiscal year  
530 commencing July 1, 2014. Any eligible special services district shall  
531 receive a portion of the grant payable under this subsection to the  
532 town in which such district is located. The portion payable to any such  
533 district under this subsection shall be the amount of the grant to the  
534 town under this subsection which results from application of the  
535 district mill rate to exempt property in the district.

536 (d) Notwithstanding the provisions of subsection (c) of this section,  
537 no municipality shall receive a grant pursuant to said subsection  
538 which, when added to the amount of the grant payable to such  
539 municipality pursuant to subsection (b) of section [12-20a] 1 of this act,  
540 would exceed one hundred per cent of the property taxes which,  
541 except for any exemption applicable to any private nonprofit  
542 institution of higher education, nonprofit general hospital facility or  
543 freestanding chronic disease hospital under the provisions of section  
544 12-8, would have been paid with respect to such exempt real property  
545 on the assessment list in such municipality for the assessment date two  
546 years prior to the commencement of the state fiscal year in which such  
547 grants are payable.

548 Sec. 10. Subsection (g) of section 4b-38 of the general statutes is  
549 repealed and the following is substituted in lieu thereof (*Effective July*  
550 *1, 2016*):

551 (g) Notwithstanding the provisions of this section, the board of

552 trustees of a constituent unit of the state system of higher education  
553 may lease land or buildings, or both, and facilities under the control  
554 and supervision of such board when such land, buildings or facilities  
555 are otherwise not used or needed for use by the constituent unit and  
556 such action seems desirable to produce income or is otherwise in the  
557 public interest, provided the Treasurer has determined that such action  
558 will not affect the status of any tax-exempt obligations issued or to be  
559 issued by the state of Connecticut. Upon executing any such lease, said  
560 board shall forward a copy to the assessor or board of assessors of the  
561 municipality in which the leased property is located. The proceeds  
562 from any lease or rental agreement pursuant to this subsection shall be  
563 retained by the constituent unit. Any land so leased for private use and  
564 the buildings and appurtenances thereon shall be subject to local  
565 assessment and taxation annually in the name of the lessee, assignee or  
566 sublessee, whichever has immediate right to occupancy of such land or  
567 building, by the town wherein situated as of the assessment day of  
568 such town next following the date of leasing. Such land and the  
569 buildings and appurtenances thereon shall not be included as property  
570 of the constituent unit for the purpose of computing a grant in lieu of  
571 taxes pursuant to section [12-19a] 1 of this act provided, if such  
572 property is leased to an organization which, if the property were  
573 owned by or held in trust for such organization would not be liable for  
574 taxes with respect to such property under section 12-81, such  
575 organization shall be entitled to exemption from property taxes as the  
576 lessee under such lease, and the portion of such property exempted  
577 and leased to such organization shall be eligible for a grant in lieu of  
578 taxes pursuant to [said] section [12-19a] 1 of this act.

579 Sec. 11. Section 4b-39 of the general statutes is repealed and the  
580 following is substituted in lieu thereof (*Effective July 1, 2016*):

581 Land, buildings or facilities leased pursuant to section 4b-35 and  
582 section 4b-36 shall be exempt from municipal taxation. The value of  
583 such land, buildings or facilities shall be used for computation of  
584 grants in lieu of taxes pursuant to section [12-19a] 1 of this act.

585 Sec. 12. Section 4b-46 of the general statutes is repealed and the  
586 following is substituted in lieu thereof (*Effective July 1, 2016*):

587 On and after July 1, 1995, any property which is subject to an  
588 agreement entered into by the Commissioner of Administrative  
589 Services for the purchase of such property through a long-term  
590 financing contract shall be exempt from taxation by the municipality in  
591 which such property is located, during the term of such contract. The  
592 assessed valuation of such property shall be included with the  
593 assessed valuation of state-owned land and buildings for purposes of  
594 determining the state grant in lieu of taxes under the provisions of  
595 section [12-19a] 1 of this act.

596 Sec. 13. Section 10a-90 of the general statutes is repealed and the  
597 following is substituted in lieu thereof (*Effective July 1, 2016*):

598 The Board of Trustees for the Connecticut State University System,  
599 with the approval of the Governor and the Secretary of the Office of  
600 Policy and Management, may lease state-owned land under its care,  
601 custody or control to private developers for construction of dormitory  
602 buildings, provided such developers agree to lease such buildings to  
603 such board of trustees with an option to purchase and provided  
604 further that any such agreement to lease is subject to the provisions of  
605 section 4b-23, prior to the making of the original lease by the board of  
606 trustees. The plans for such buildings shall be subject to approval of  
607 such board, the Commissioner of Administrative Services and the State  
608 Properties Review Board and such leases shall be for the periods and  
609 upon such terms and conditions as the Commissioner of  
610 Administrative Services determines, and such buildings, while  
611 privately owned, shall be subject to taxation by the town in which they  
612 are located. The Board of Trustees for the Connecticut State University  
613 System may also deed, transfer or lease state-owned land under its  
614 care, custody or control to the State of Connecticut Health and  
615 Educational Facilities Authority for financing or refinancing the  
616 planning, development, acquisition and construction and equipping of  
617 dormitory buildings and student housing facilities and to lease or

618 sublease such dormitory buildings or student housing facilities and  
619 authorize the execution of financing leases of land, interests therein,  
620 buildings and fixtures in order to secure obligations to repay any loan  
621 from the State of Connecticut Health and Educational Facilities  
622 Authority from the proceeds of bonds issued thereby pursuant to the  
623 provisions of chapter 187 made by the authority to finance or refinance  
624 the planning, development, acquisition and construction of dormitory  
625 buildings. Any such financing lease shall not be subject to the  
626 provisions of section 4b-23 and the plans for such dormitories shall be  
627 subject only to the approval of the board. Such financing leases shall be  
628 for such periods and upon such terms and conditions that the board  
629 shall determine. Any state property so leased shall not be subject to  
630 local assessment and taxation and such state property shall be  
631 included as property of the Connecticut State University System for  
632 the purpose of computing a grant in lieu of taxes pursuant to section  
633 [12-19a] 1 of this act.

634 Sec. 14. Subsection (b) of section 10a-91 of the general statutes is  
635 repealed and the following is substituted in lieu thereof (*Effective July*  
636 *1, 2016*):

637 (b) Any land so leased to a private developer for rental housing or  
638 commercial establishments and the buildings and appurtenances  
639 thereon shall be subject to local assessment and taxation annually in  
640 the name of the lessee, assignee or sublessee, whichever has immediate  
641 right to occupancy of such land or building, by the town wherein  
642 situated as of the assessment day of such town next following the date  
643 of leasing. Such land shall not be included as property of the  
644 Connecticut State University System for the purpose of computing a  
645 grant in lieu of taxes pursuant to section [12-19a] 1 of this act.

646 Sec. 15. Section 15-101dd of the general statutes is repealed and the  
647 following is substituted in lieu thereof (*Effective July 1, 2016*):

648 Whenever any lessee is required to pay property taxes under this  
649 chapter, the assessed valuation of such property subject to the interest  
650 of the lessee shall not be included in the annual list of assessed values

651 of state-owned real property in such town as prepared for purposes of  
652 state grants in accordance with section [12-19a] 1 of this act and the  
653 amount of grant to such town under [said] section [12-19a] 1 of this act  
654 shall be determined without consideration of such assessed value.

655 Sec. 16. Subsection (c) of section 22-26jj of the general statutes is  
656 repealed and the following is substituted in lieu thereof (*Effective July*  
657 *1, 2016*):

658 (c) The commissioner may lease all or part of one property acquired  
659 by him under this section as part of a demonstration project, in  
660 accordance with subsection (d) of this section, provided such project is  
661 approved by the Secretary of the Office of Policy and Management.  
662 Such property may be leased to one or more agricultural users for a  
663 period not to exceed five years. Such lease may be renewed for periods  
664 not to exceed five years. Any property leased under such  
665 demonstration project shall be exempt from taxation by the  
666 municipality in which the property is located. The assessed valuation  
667 of the property shall be included with the assessed valuation of state-  
668 owned land and buildings for purposes of determining the state's  
669 grant in lieu of taxes under the provisions of section [12-19a] 1 of this  
670 act.

671 Sec. 17. Subsection (c) of section 22-2600 of the general statutes is  
672 repealed and the following is substituted in lieu thereof (*Effective July*  
673 *1, 2016*):

674 (c) The Commissioner of Agriculture may lease, permit or license all  
675 or part of said farm to one or more persons for the purpose of  
676 engaging in agriculture, as defined in section 1-1. Any such lease,  
677 permit or license shall be for a period not to exceed fifteen years and  
678 shall contain, as a condition thereof, compliance with the provisions of  
679 the permanent conservation easement granted pursuant to subsection  
680 (b) of this section. Any such lease, permit or license may be renewed  
681 for a period not to exceed fifteen years. Any property leased, permitted  
682 or licensed pursuant to this subsection shall be exempt from taxation  
683 by the municipality in which said property is located. The assessed

684 valuation of said property shall be included in the assessed valuation  
685 of state-owned land and buildings for purposes of determining the  
686 state's grant in lieu of taxes pursuant to the provisions of section [12-  
687 19a] 1 of this act. Any such lease, permit or license shall be subject to  
688 the review and approval of the State Properties Review Board. The  
689 State Properties Review Board shall complete a review of each lease,  
690 permit or license not later than thirty days after receipt of a proposed  
691 lease, permit or license from the Commissioner of Agriculture.

692 Sec. 18. Section 22a-282 of the general statutes is repealed and the  
693 following is substituted in lieu thereof (*Effective July 1, 2016*):

694 The Materials Innovation and Recycling Authority, notwithstanding  
695 the provisions of subsection (b) of section 22a-208a concerning the  
696 right of any local body to regulate, through zoning, land usage for  
697 solid waste disposal and section 22a-276, may use and operate as a  
698 solid waste disposal area, pursuant to a permit issued under sections  
699 22a-208, 22a-208a and 22a-430, any real property owned by said  
700 authority on or before May 11, 1984, any portion of which has been  
701 operated as a solid waste disposal area, and the authority shall not be  
702 subject to regulation by any such body, except that the authority shall  
703 pay to the municipality in which such property is located one dollar  
704 per ton of unprocessed solid waste received from outside of such  
705 municipality and disposed of at the solid waste disposal area by the  
706 authority. Any payment shall be in addition to any other agreement  
707 between the municipality and the authority. The provisions of section  
708 [12-19a] 1 of this act shall not be construed to apply to any such real  
709 property.

710 Sec. 19. Section 23-30 of the general statutes is repealed and the  
711 following is substituted in lieu thereof (*Effective July 1, 2016*):

712 The Commissioner of Energy and Environmental Protection may,  
713 for the purposes specified in section 23-29, lease, for a period of not  
714 less than ninety-nine years, any lands within the state, title to which  
715 has been acquired by the resettlement administration or other agency  
716 of the government of the United States, provided the form of such

717 lease shall be approved by the Attorney General. Said commissioner  
718 may enter into cooperative agreements with any branch of the  
719 government of the United States regarding the custody, management  
720 and use of lands so leased. All lands leased under this section shall, for  
721 the purposes of taxation, be considered as owned by the state, and the  
722 towns in which such lands are situated shall receive from the state  
723 grants in lieu of taxes thereon, as provided in section [12-19a] 1 of this  
724 act.

725 Sec. 20. Section 32-610 of the general statutes is repealed and the  
726 following is substituted in lieu thereof (*Effective July 1, 2016*):

727 The exercise of the powers granted by section 32-602 constitute the  
728 performance of an essential governmental function and the Capital  
729 Region Development Authority shall not be required to pay any taxes  
730 or assessments upon or in respect of the convention center or the  
731 convention center project, as defined in section 32-600, levied by any  
732 municipality or political subdivision or special district having taxing  
733 powers of the state and such project and the principal and interest of  
734 any bonds and notes issued under the provisions of section 32-607,  
735 their transfer and the income therefrom, including revenues derived  
736 from the sale thereof, shall at all times be free from taxation of every  
737 kind by the state of Connecticut or under its authority, except for estate  
738 or succession taxes but the interest on such bonds and notes shall be  
739 included in the computation of any excise or franchise tax.  
740 Notwithstanding the foregoing, the convention center and the related  
741 parking facilities owned by the authority shall be deemed to be state-  
742 owned real property for purposes of sections [12-19a and] 12-19b, as  
743 amended by this act, and 1 of this act and the state shall make grants in  
744 lieu of taxes with respect to the convention center and such related  
745 parking facilities to the municipality in which the convention center  
746 and such related parking facilities are located as otherwise provided in  
747 [said] sections [12-19a and] 12-19b, as amended by this act, and 1 of  
748 this act.

749 Sec. 21. Subsections (a) and (b) of section 32-666 of the general

750 statutes are repealed and the following is substituted in lieu thereof  
751 (*Effective July 1, 2016*):

752 (a) Any land on the Adriaen's Landing site leased by the secretary  
753 for purposes of site acquisition for an initial term of at least ninety-nine  
754 years shall, while such lease remains in effect, be deemed to be state-  
755 owned real property for purposes of sections [12-19a and] 12-19b, as  
756 amended by this act, and 1 of this act and subdivision (2) of section 12-  
757 81 and the state shall make grants in lieu of taxes with respect to such  
758 land to the municipality in which the same is located as otherwise  
759 provided in sections [12-19a and] 12-19b, as amended by this act, and 1  
760 of this act.

761 (b) Any land that comprises a private development district  
762 designated pursuant to section 32-600 and all improvements on or to  
763 such land shall, while such designation continues, be deemed to be  
764 state-owned real property for purposes of sections [12-19a and] 12-19b, as  
765 amended by this act, and 1 of this act and subdivision (2) of section  
766 12-81, and the state shall make grants in lieu of taxes with respect to  
767 such land and improvements to the municipality in which the same is  
768 located as otherwise provided in sections [12-19a and] 12-19b, as  
769 amended by this act, and 1 of this act. Section 32-666a shall not be  
770 applicable to any such land or improvements while designated as part  
771 of the private development district.

772 Sec. 22. Subsection (a) of section 12-62m of the general statutes is  
773 repealed and the following is substituted in lieu thereof (*Effective July*  
774 *1, 2016*):

775 (a) If real property eligible for a grant or for reimbursement of a  
776 property tax or a portion thereof under the provisions of [sections 12-  
777 19a] section 1 of this act, 12-20b, as amended by this act, [and] or 12-  
778 129p, or any other provision of the general statutes, is located in a  
779 town that (1) elected to phase in assessment increases pursuant to  
780 section 12-62a of the general statutes, revision of 1958, revised to  
781 January 1, 2005, with respect to a revaluation effective on or before  
782 October 1, 2005, or (2) elects to phase in assessment increases pursuant

783 to section 12-62c with respect to a revaluation effective on or after  
 784 October 1, 2006, the assessed valuation of said property as reported to  
 785 the Secretary of the Office of Policy and Management shall reflect the  
 786 gradual increase in assessment applicable to comparable taxable real  
 787 property for the same assessment year.

788 Sec. 23. (NEW) (*Effective October 1, 2015, and applicable to assessment*  
 789 *years commencing on or after October 1, 2015*) For the assessment year  
 790 commencing October 1, 2015, and each assessment year thereafter,  
 791 each municipality shall tax motor vehicles in accordance with this  
 792 section. Commencing with said assessment year, the municipal mill  
 793 rate for motor vehicles shall not exceed 29.36 mills and any  
 794 municipality may establish a mill rate for motor vehicles that is  
 795 different from the municipality's mill rate for real property to comply  
 796 with the provisions of this section.

797 Sec. 24. Section 4-66l of the general statutes is repealed and the  
 798 following is substituted in lieu thereof (*Effective October 1, 2015*):

799 (a) For the purposes of this section:

800 (1) "FY 15 mill rate" means the mill rate a municipality uses during  
 801 the fiscal year ending June 30, 2015;

802 (2) "Mill rate" means the mill rate a municipality uses to calculate  
 803 tax bills for motor vehicles;

804 (3) "Municipality" means any town, city, consolidated town and city  
 805 or consolidated town and borough;

806 (4) "Municipal spending" means:

T1	<u>Municipal</u>		<u>Municipal</u>		
T2	<u>spending for</u>		<u>spending for</u>		
T3	<u>the fiscal year</u>		<u>the fiscal year</u>		
T4	<u>prior to the</u>	=	<u>two years</u>		
T5	<u>current fiscal</u>		<u>prior to the</u>		
T6	<u>year</u>		<u>current year</u>	X 100 =	<u>Municipal spending</u>

T7           Municipal spending for  
 T8           the fiscal year two years  
 T9           prior to the current year;

807           (5) "Per capita distribution" means:

T10           Town population   X Sales tax revenue   = Per capita distribution;  
 T11           Total state population

808           (6) "Pro rata distribution" means:

T12           Municipal weighted  
 T13           mill rate  
 T14           calculation       X Sales tax revenue   = Pro rata distribution;  
 T15           Sum of all  
 T16           municipal weighted  
 T17           mill rate  
 T18           calculations combined

809           (7) "Regional council of governments" means any such council  
 810           organized under the provisions of sections 4-124i to 4-124p, inclusive;

811           (8) "Town population" means the number of persons in a  
 812           municipality according to the most recent estimate of the Department  
 813           of Public Health;

814           (9) "Total state population" means the number of persons in this  
 815           state according to the most recent estimate published by the  
 816           Department of Public Health;

817           (10) "Weighted mill rate" means a municipality's FY 15 mill rate  
 818           divided by the average of every municipality's FY 15 mill rate;

819           (11) "Weighted mill rate calculation" means per capita distribution  
 820           multiplied by a municipality's weighted mill rate; and

821           (12) "Sales tax revenue" means the revenue deposited into the  
 822           municipal revenue sharing account each year.

823           [(a)] (b) There is established an account to be known as the

824 "municipal revenue sharing account" which shall be a separate,  
 825 nonlapsing account within the General Fund. The account shall  
 826 contain any moneys required by law to be deposited in the account.  
 827 [Moneys] Ninety per cent of the moneys in the account shall be  
 828 expended by the Secretary of the Office of Policy and Management for  
 829 the purposes of grants established pursuant to [subsections (b) and (c)]  
 830 subsection (d) of this section. The secretary shall distribute the  
 831 remaining ten per cent of funds to regional councils of governments on  
 832 a per capita basis, as determined by the most recent population  
 833 estimate of the Department of Public Health.

834 [(b) (1) The secretary shall provide manufacturing transition grants  
 835 to municipalities in an amount equal to the amount each municipality  
 836 received from the state as payments in lieu of taxes pursuant to  
 837 sections 12-94b, 12-94c, 12-94f and 12-94g of the general statutes,  
 838 revision of 1958, revised to January 1, 2011, for the fiscal year ending  
 839 June 30, 2011. Such grant payments shall be made in quarterly  
 840 allotments, payable on November fifteenth, February fifteenth, May  
 841 fifteenth and August fifteenth. The total amount of the grant payment  
 842 is as follows:

T19	Municipality	Grant Amounts
T20		
T21	Andover	\$2,929
T22	Ansonia	70,732
T23	Ashford	2,843
T24	Avon	213,211
T25	Barkhamsted	33,100
T26	Beacon Falls	38,585
T27	Berlin	646,080
T28	Bethany	54,901
T29	Bethel	229,948
T30	Bethlehem	6,305
T31	Bloomfield	1,446,585
T32	Bolton	19,812

T33	Bozrah	110,715
T34	Branford	304,496
T35	Bridgeport	839,881
T36	Bridgewater	491
T37	Bristol	2,066,321
T38	Brookfield	97,245
T39	Brooklyn	8,509
T40	Burlington	14,368
T41	Canaan	17,075
T42	Canterbury	1,610
T43	Canton	6,344
T44	Chaplin	554
T45	Cheshire	598,668
T46	Chester	71,130
T47	Clinton	168,444
T48	Colchester	31,069
T49	Colebrook	436
T50	Columbia	21,534
T51	Cornwall	0
T52	Coventry	8,359
T53	Cromwell	27,780
T54	Danbury	1,534,876
T55	Darien	0
T56	Deep River	86,478
T57	Derby	12,218
T58	Durham	122,637
T59	Eastford	43,436
T60	East Granby	430,285
T61	East Haddam	1,392
T62	East Hampton	15,087
T63	East Hartford	3,576,349
T64	East Haven	62,435
T65	East Lyme	17,837
T66	Easton	2,111
T67	East Windsor	237,311

T68	Ellington	181,426
T69	Enfield	219,004
T70	Essex	80,826
T71	Fairfield	82,908
T72	Farmington	440,541
T73	Franklin	18,317
T74	Glastonbury	202,935
T75	Goshen	2,101
T76	Granby	28,727
T77	Greenwich	70,905
T78	Griswold	35,790
T79	Groton	1,373,459
T80	Guilford	55,611
T81	Haddam	2,840
T82	Hamden	230,771
T83	Hampton	0
T84	Hartford	1,184,209
T85	Hartland	758
T86	Harwinton	17,272
T87	Hebron	1,793
T88	Kent	0
T89	Killingly	567,638
T90	Killingworth	4,149
T91	Lebanon	24,520
T92	Ledyard	296,297
T93	Lisbon	2,923
T94	Litchfield	2,771
T95	Lyme	0
T96	Madison	6,880
T97	Manchester	861,979
T98	Mansfield	5,502
T99	Marlborough	5,890
T100	Meriden	721,037
T101	Middlebury	67,184
T102	Middlefield	198,671

T103	Middletown	1,594,059
T104	Milford	1,110,891
T105	Monroe	151,649
T106	Montville	356,761
T107	Morris	2,926
T108	Naugatuck	274,100
T109	New Britain	1,182,061
T110	New Canaan	159
T111	New Fairfield	912
T112	New Hartford	110,586
T113	New Haven	1,175,481
T114	Newington	758,790
T115	New London	30,182
T116	New Milford	628,728
T117	Newtown	192,643
T118	Norfolk	5,854
T119	North Branford	243,540
T120	North Canaan	304,560
T121	North Haven	1,194,569
T122	North Stonington	0
T123	Norwalk	328,472
T124	Norwich	161,111
T125	Old Lyme	1,528
T126	Old Saybrook	38,321
T127	Orange	85,980
T128	Oxford	72,596
T129	Plainfield	120,563
T130	Plainville	443,937
T131	Plymouth	124,508
T132	Pomfret	22,677
T133	Portland	73,590
T134	Preston	0
T135	Prospect	56,300
T136	Putnam	139,075
T137	Redding	1,055

T138	Ridgefield	452,270
T139	Rocky Hill	192,142
T140	Roxbury	478
T141	Salem	3,740
T142	Salisbury	66
T143	Scotland	6,096
T144	Seymour	255,384
T145	Sharon	0
T146	Shelton	483,928
T147	Sherman	0
T148	Simsbury	62,846
T149	Somers	72,769
T150	Southbury	16,678
T151	Southington	658,809
T152	South Windsor	1,084,232
T153	Sprague	334,376
T154	Stafford	355,770
T155	Stamford	407,895
T156	Sterling	19,506
T157	Stonington	80,628
T158	Stratford	2,838,621
T159	Suffield	152,561
T160	Thomaston	315,229
T161	Thompson	62,329
T162	Tolland	75,056
T163	Torrington	486,957
T164	Trumbull	163,740
T165	Union	0
T166	Vernon	121,917
T167	Voluntown	1,589
T168	Wallingford	1,589,756
T169	Warren	235
T170	Washington	231
T171	Waterbury	2,076,795
T172	Waterford	27,197

T173	Watertown	521,334
T174	Westbrook	214,436
T175	West Hartford	648,560
T176	West Haven	137,765
T177	Weston	366
T178	Westport	0
T179	Wethersfield	17,343
T180	Willington	15,891
T181	Wilton	247,801
T182	Winchester	249,336
T183	Windham	369,559
T184	Windsor	1,078,969
T185	Windsor Locks	1,567,628
T186	Wolcott	189,485
T187	Woodbridge	27,108
T188	Woodbury	45,172
T189	Woodstock	55,097
T190		
T191	Borough of Danielson	0
T192	Borough Jewett City	3,329
T193	Borough Stonington	0
T194		
T195	Barkhamsted F.D.	1,996
T196	Berlin - Kensington F.D.	9,430
T197	Berlin - Worthington F.D.	747
T198	Bloomfield Center Fire	3,371
T199	Bloomfield Blue Hills	88,142
T200	Canaan F.D. (no fire district)	0
T201	Cromwell F.D.	1,662
T202	Enfield F.D. (1)	12,688
T203	Enfield Thompsonville (2)	2,814
T204	Enfield Haz'dv'l F.D. (3)	1,089
T205	Enfield N.Thmps'nv'l F.D. (4)	55
T206	Enfield Shaker Pines (5)	5,096
T207	Groton - City	241,680

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T208	Groton Sewer	1,388
T209	Groton Mystic F.D. #3	19
T210	Groton Noank F.D. #4	0
T211	Groton Old Mystic F.D. #5	1,610
T212	Groton Poquonnock Br. #2	17,967
T213	Groton W. Pleasant Valley	0
T214	Killingly Attawaugan F.D.	1,457
T215	Killingly Dayville F.D.	33,885
T216	Killingly Dyer Manor	1,157
T217	E. Killingly F.D.	75
T218	So. Killingly F.D.	150
T219	Killingly Williamsville F.D.	5,325
T220	Manchester Eighth Util.	55,013
T221	Middletown South F.D.	165,713
T222	Middletown Westfield F.D.	8,805
T223	Middletown City Fire	27,038
T224	New Htfd. Village F.D. #1	5,664
T225	New Htfd Pine Meadow #3	104
T226	New Htfd South End F.D.	8
T227	Plainfield Central Village F.D.	1,167
T228	Plainfield Moosup F.D.	1,752
T229	Plainfield F.D. #255	1,658
T230	Plainfield Wauregan F.D.	4,360
T231	Pomfret F.D.	841
T232	Putnam E. Putnam F.D.	8,196
T233	Putnam W. Putnam F.D.	0
T234	Simsbury F.D.	2,135
T235	Stafford Springs Service Dist.	12,400
T236	Sterling F.D.	1,034
T237	Stonington Mystic F.D.	478
T238	Stonington Old Mystic F.D.	1,999
T239	Stonington Pawcatuck F.D.	4,424
T240	Stonington Quiambaug F.D.	65
T241	Stonington F.D.	0
T242	Stonington Wequetequock F.D.	58

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T243	Trumbull Center	461
T244	Trumbull Long Hill F.D.	889
T245	Trumbull Nichols F.D.	3,102
T246	Watertown F.D.	0
T247	West Haven Allingtown F.D. (3)	17,230
T248	W. Haven First Ctr Fire Taxn (1)	7,410
T249	West Haven West Shore F.D. (2)	29,445
T250	Windsor Wilson F.D.	170
T251	Windsor F.D.	38
T252	Windham First	7,096
T253		
T254	GRAND TOTAL	\$49,875,871

843 (2) The amount of the grant payable to each municipality in any  
844 year in accordance with this subsection shall be reduced  
845 proportionately in the event that the total of such grants in such year  
846 exceeds the amount available in the municipal revenue sharing  
847 account established pursuant to subsection (a) of this section with  
848 respect to such year.

849 (3) Notwithstanding any provision of the general statutes, any  
850 municipality that, prior to June 30, 2011, was overpaid under the  
851 program set forth in section 12-94b of the general statutes, revision of  
852 1958, revised to January 1, 2011, shall have such overpayments  
853 deducted from any grant payable pursuant to this section.

854 (4) Notwithstanding any provision of the general statutes, not later  
855 than August 15, 2012, a payment shall be made to the town of Ledyard  
856 in the amount of \$39,411 and to the town of Montville in the amount of  
857 \$62,954. Such payments shall be in addition to any other payments  
858 said towns may receive from the municipal revenue sharing account  
859 pursuant to this subsection.

860 (c) If there are moneys available in the municipal revenue sharing  
861 account after all grants are made pursuant to subsection (b) of this  
862 section, the secretary shall distribute the remaining funds as follows:

863 (1) Fifty per cent of such funds shall be distributed to municipalities on  
 864 a per capita basis, as determined by the most recent federal decennial  
 865 census, and (2) fifty per cent shall be distributed in accordance with the  
 866 formula in subsection (e) of section 3-55j using population information  
 867 from the most recent federal decennial census, the 2007 equalized net  
 868 grand list and 1999 per capita income.]

869 (c) No bill which, if passed, would reduce or eliminate the amount  
 870 of any deposit to the municipal revenue sharing account, as set forth in  
 871 this section, shall be enacted by the General Assembly without an  
 872 affirmative vote of at least three-fifths of the members of the joint  
 873 standing committee of the General Assembly having cognizance of  
 874 matters relating to appropriations and the budgets of state agencies  
 875 and at least three-fifths of the members of the joint standing committee  
 876 of the General Assembly having cognizance of matters relating to state  
 877 finance, revenue and bonding.

878 (d) For the fiscal year ending June 30, 2017, and each fiscal year  
 879 thereafter, each town shall receive an equalization grant as follows:

880 (1) (A) A municipality having a mill rate at or above twenty-five  
 881 shall receive the per capita distribution or pro rata distribution,  
 882 whichever is higher for such municipality. (B) Such grants shall be  
 883 increased as follows:

T255	<u>Sum of per capita distribution amount</u>
T256	<u>for all municipalities having a mill rate</u>
T257	<u>below twenty-five - pro rata distribution</u>
T258	<u>amount for all municipalities</u>
T259	<u>having a mill rate below twenty-five</u>
T260	<u>Sum of all grants to municipalities</u>
T261	<u>calculated pursuant to subparagraph (A)</u>
T262	<u>of subdivision (1) of this subsection.</u>

884 (C) Provided further that Hartford shall receive no more than 5.2 per  
 885 cent of the equalization grants distributed pursuant to this subsection;  
 886 Bridgeport shall receive no more than 4.5 per cent of the equalization

887 grants distributed pursuant to this subsection; New Haven shall  
888 receive no more than 2.0 per cent of the equalization grants distributed  
889 pursuant to this subsection and Stamford shall receive no more than  
890 2.8 per cent of the equalization grants distributed pursuant to this  
891 subsection. Any excess funds remaining after such reductions in  
892 payments to Hartford, Bridgeport, New Haven and Stamford shall be  
893 distributed to all other municipalities having a mill rate at or above  
894 twenty-five on a pro rata basis according to the payment they receive  
895 pursuant to this subdivision; and

896 (2) A municipality having a mill rate below twenty-five shall receive  
897 the per capita distribution or pro rata distribution, whichever is less for  
898 such municipality.

899 (e) For the fiscal year ending June 30, 2018, and each fiscal year  
900 thereafter, the amount of the grant payable to a municipality in any  
901 year in accordance with subsection (d) of this section shall be reduced  
902 if municipal spending in such municipality increases by 2.5 per cent or  
903 more or the rate of inflation, whichever is greater. Municipal spending  
904 shall not include spending for debt service.

905 (f) The amount of the grant payable to a municipality in any year in  
906 accordance with subsection (d) of this section shall be reduced  
907 proportionately in the event that the total of such grants in such year  
908 exceeds the amount available in the municipal revenue sharing  
909 account established pursuant to subsection (b) of this section.

910 Sec. 25. Section 12-122a of the general statutes is repealed and the  
911 following is substituted in lieu thereof (*Effective October 1, 2015, and*  
912 *applicable to assessment years commencing on or after October 1, 2015*):

913 Any municipality which has more than one taxing district may by a  
914 majority vote of its legislative body set a uniform city-wide mill rate  
915 for taxation of motor vehicles, except that if the charter of such  
916 municipality provides that any mill rate for property tax purposes  
917 shall be set by the board of finance of such municipality, such uniform  
918 city-wide mill rate may be set by a majority vote of such board of

919 finance. No uniform city-wide mill rate may exceed the amount set  
920 forth in section 23 of this act.

921 Sec. 26. (NEW) (*Effective October 1, 2015, and applicable to assessment*  
922 *years commencing on or after October 1, 2015*) The following terms, when  
923 used in this section and sections 27 to 30, inclusive, of this act have the  
924 following meanings, unless the context otherwise requires:

925 (1) "Administrative auditor" means the person selected pursuant to  
926 section 29 of this act;

927 (2) "Average fiscal capacity" means the assessed value of all real  
928 property in all municipalities within the planning region combined,  
929 including property eligible for grants pursuant to section 1 of this act  
930 and sections 12-19a and 12-20a of the general statutes, as amended by  
931 this act, divided by the total population of all municipalities of the  
932 region combined;

933 (3) "Base year" means the assessment year commencing October 1,  
934 2013;

935 (4) "Commercial and industrial property" means (A) real property  
936 used for the sale of goods or services, including, but not limited to,  
937 nonresidential living accommodations, dining establishments, motor  
938 vehicle services, warehouses and distribution facilities, retail services,  
939 banks, office buildings, multipurpose buildings wherein one or more  
940 occupations are conducted, commercial condominiums for retail or  
941 wholesale use, recreation facilities, entertainment facilities, airports,  
942 hotels and motels, and (B) real property used for production and  
943 fabrication of durable and nondurable man-made goods from raw  
944 materials or compounded parts. Commercial and industrial property  
945 includes the lot or land on which a building is situated and accessory  
946 improvements located thereon, including, but not limited to, pavement  
947 and storage buildings. Commercial and industrial property does not  
948 include real property located in an enterprise zone;

949 (5) "Increase from base year" means the total assessed value of all

950 commercial and industrial property within a municipality for the  
951 current year less the total assessed value of all commercial and  
952 industrial property within a municipality for the base year;

953 (6) "Municipality" means any town, city, borough, consolidated  
954 town and city or consolidated town and borough;

955 (7) "Municipal base value" means the total assessed value of  
956 commercial and industrial property within a municipality for the base  
957 year;

958 (8) "Municipal commercial industrial mill rate" means:

T263	.2 or less, as determined by the regional council of	
T264	governments for the planning region within	
T265	which the municipality is located X increase from	+
T266	base year X regional mill rate	
T267		
T268	.8 X increase from base year X municipal mill rate	+
T269	effective July first of the current year	
T270		Municipal
T271	Municipal base value X municipal mill rate	commercial
T272	effective July first of the current year	= industrial
T273	<hr/> Total value	mill rate;

959 (9) "Municipal contribution to the area-wide tax base" means:

T274	Increase from base year		
T275	X 2 or less, as determined		
T276	by the regional council of		Municipal
T277	governments for the		= contribution
T278	planning region within which	x	to the
T279	the municipality is located	Regional	area-wide
T280	<hr/> 1000	mill rate	tax base;

960 (10) "Municipal fiscal capacity" means the assessed value of all real  
961 property within a municipality, including property eligible for grants

962 pursuant to section 1 of this act, and sections 12-19a and 12-20a of the  
963 general statutes, as amended by this act, divided by the population of  
964 such municipality;

965 (11) "Municipal distribution index" means:

$$\begin{array}{l}
\text{T281} \\
\text{T282} \\
\text{T283}
\end{array}
\begin{array}{l}
\text{Municipal population} \times \frac{\text{Average fiscal capacity}}{\text{Municipal fiscal capacity}} = \text{Municipal distribution index;}
\end{array}$$

966 (12) "Planning region" means a planning region of the state as  
967 defined or redefined by the Secretary of the Office of Policy and  
968 Management, or his or her designee, under the provisions of section  
969 16a-4a of the general statutes;

970 (13) "Population" means the number of persons residing in a  
971 municipality according to the most recent federal decennial census,  
972 except that, in intervening years between such censuses, "population"  
973 means the number of persons according to the most recent estimate  
974 made, pursuant to section 19a-2a of the general statutes, by the  
975 Department of Public Health, with patients and inmates of state  
976 hospitals, institutions of correction, and other state institutions  
977 excluded;

978 (14) "Regional council of governments" means any such council  
979 organized under the provisions of sections 4-124i to 4-124p, inclusive,  
980 of the general statutes;

981 (15) "Regional mill rate" means the average mill rate of all  
982 municipalities within its respective planning region as of January first  
983 as calculated by the administrative auditor for such planning region  
984 and verified by the Secretary of the Office of Policy and Management;  
985 and

986 (16) "Total value" means the total assessed value of commercial and  
987 industrial property within a municipality for the current assessment  
988 year.

989       Sec. 27. (NEW) (*Effective October 1, 2015, and applicable to assessment*  
990 *years commencing on or after October 1, 2015*) There is established an  
991 optional regional property tax base revenue sharing system. To  
992 establish such revenue sharing system within a planning region the  
993 members of its regional council of governments must unanimously  
994 vote to participate therein. On and after January 1, 2017, the tax  
995 collector of each municipality within a planning region participating in  
996 such revenue sharing system shall remit its municipal contribution to  
997 the area-wide tax base, not later than February first, annually, to the  
998 administrative auditor for the planning region in which such  
999 municipality is located. The administrative auditor shall distribute  
1000 such revenue to each municipality within the planning region  
1001 pursuant to section 30 of this act.

1002       Sec. 28. (NEW) (*Effective October 1, 2015, and applicable to assessment*  
1003 *years commencing on or after October 1, 2015*) Notwithstanding any  
1004 provision of any general statute, public act or special act,  
1005 municipalities located within a planning region participating in the  
1006 regional property tax base revenue sharing system shall use such  
1007 municipality's municipal commercial industrial mill rate to determine  
1008 the amount of taxes imposed on commercial and industrial property  
1009 within such municipality, unless there is no increase from the base  
1010 year, in which case the municipal mill rate shall be used.

1011       Sec. 29. (NEW) (*Effective October 1, 2015*) (a) On or before August 1,  
1012 2016, and each even-numbered year thereafter, the regional council of  
1013 governments for each planning region participating in the regional  
1014 property tax base revenue sharing system shall meet and elect from  
1015 among their number one member to serve as administrative auditor  
1016 for a period of two years and until a successor is elected. If a majority  
1017 is unable to agree upon a person to serve as administrative auditor, the  
1018 Secretary of the Office of Policy and Management shall appoint one  
1019 member from among the council's members. If the administrative  
1020 auditor ceases to serve as a member within the planning region during  
1021 the term for which elected or appointed, a successor shall be chosen in  
1022 the same manner as provided in this subsection for the original

1023 selection, to serve for the unexpired term.

1024 (b) The administrative auditor shall utilize the staff and facilities of  
 1025 the planning region. The planning region shall be reimbursed for the  
 1026 marginal expenses incurred by its staff by contribution from each other  
 1027 municipality in the planning region in an amount which bears the  
 1028 same proportion of the total expenses as the population of such  
 1029 municipality bears to the total population of the planning region. The  
 1030 administrative auditor shall annually, on or before February first,  
 1031 certify the amount of total expenses for the preceding calendar year,  
 1032 and the share of each municipality, to the treasurer or other fiscal  
 1033 officer of each municipality within the planning region. Payment shall  
 1034 be made by the treasurer or other fiscal officer of each municipality to  
 1035 the treasurer or other fiscal officer of the planning region on or before  
 1036 the succeeding March first.

1037 Sec. 30. (NEW) (*Effective October 1, 2015, and applicable to assessment*  
 1038 *years commencing on or after October 1, 2015*) The administrative auditor  
 1039 of each planning region participating in the regional property tax base  
 1040 revenue sharing system shall distribute the moneys remitted to such  
 1041 auditor pursuant to section 27 of this act to each municipality on or  
 1042 before March first, annually, in an amount which bears the same  
 1043 proportion as such municipality's municipal distribution index bears  
 1044 to the total of all municipal distribution indices within such planning  
 1045 region. The revenue distributed to a municipality under this section  
 1046 shall be used by a municipality in the same manner and for the same  
 1047 purposes as the proceeds from taxes on real property levied by the  
 1048 municipality.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2016	New section
Sec. 2	July 1, 2015	12-19a(a)
Sec. 3	July 1, 2015	12-20a(a)
Sec. 4	July 1, 2016	12-19b
Sec. 5	July 1, 2016	12-19c

Sec. 6	July 1, 2016	12-20b
Sec. 7	July 1, 2016	12-63h(a)
Sec. 8	July 1, 2016	12-64(b)
Sec. 9	July 1, 2016	3-55j(a) to (d)
Sec. 10	July 1, 2016	4b-38(g)
Sec. 11	July 1, 2016	4b-39
Sec. 12	July 1, 2016	4b-46
Sec. 13	July 1, 2016	10a-90
Sec. 14	July 1, 2016	10a-91(b)
Sec. 15	July 1, 2016	15-101dd
Sec. 16	July 1, 2016	22-26jj(c)
Sec. 17	July 1, 2016	22-26oo(c)
Sec. 18	July 1, 2016	22a-282
Sec. 19	July 1, 2016	23-30
Sec. 20	July 1, 2016	32-610
Sec. 21	July 1, 2016	32-666(a) and (b)
Sec. 22	July 1, 2016	12-62m(a)
Sec. 23	<i>October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015</i>	New section
Sec. 24	<i>October 1, 2015</i>	4-66l
Sec. 25	<i>October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015</i>	12-122a
Sec. 26	<i>October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015</i>	New section
Sec. 27	<i>October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015</i>	New section
Sec. 28	<i>October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015</i>	New section
Sec. 29	<i>October 1, 2015</i>	New section

Sec. 30	<i>October 1, 2015, and applicable to assessment years commencing on or after October 1, 2015</i>	New section
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**PD**      *Joint Favorable Subst. C/R*      FIN

**FIN**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

## **OFA Fiscal Note**

### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 16 \$</b>	<b>FY 17 \$</b>
Policy & Mgmt., Off.	GF - Cost	None	Significant

Note: GF=General Fund

### **Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 16 \$</b>	<b>FY 17 \$</b>
All Municipalities	Net Revenue Gain	None	Significant

## **Explanation**

The bill 1) changes the reimbursement rates, and the basis for determining those rates, for the State Property PILOT and College & Hospital PILOT grant programs; 2) caps the motor vehicle mill rate at 29.36; 3) distributes a portion of sales tax revenue to municipalities; and 4) establishes an optional commercial property tax revenue sharing system for regional councils of government. Below is a description of the fiscal impact of each section:

### Changes to PILOT grants

The revenue gain to municipalities associated with this portion of the bill in FY 17 (the first year it takes effect) will vary based on grand list and mill rate data that municipalities have not yet finalized. The revenue gain is anticipated to be significant. As an illustration, the revenue gain in FY 16, if this bill were effective then, would be \$63.6 million. In FY 15, the revenue gain would have been \$45.3 million.

Costs in the out years will vary based on continued changes in

municipal grand lists and mill rates. As municipal mill rates and grand lists tend to increase over time, costs in FY 17 and in the out years could be significantly higher than the cost in FY 16.

The bill freezes at FY 15 levels the portion of each town's Pequot grant that is dependent on its State Property PILOT and College & Hospital PILOT payments. This precludes any changes in a town's Pequot grant that would result from changes to either of its PILOT grant payments.

#### Motor Vehicle Tax Cap

The bill caps each town's motor vehicle mill rate at 29.36. If this cap had been in place in FY 14, it is anticipated that 57 municipalities would have lost approximately \$82.6 million in revenue.

#### Sales Tax Distribution

sSB 946 diverts a portion of sales tax revenue (\$289.8 million in FY 16 and \$402.7 million in FY 17)<sup>1</sup> to the Municipal Revenue Sharing Account. sSB 1 distributes that revenue to municipalities and regional councils of government, beginning in FY 17.

Due to the timing of payments, this results in a FY 17 revenue gain of \$260.8 million to municipalities and \$29.0 million to regional councils of government. In FY 18, it is estimated that municipalities will receive \$362.5 million and regional councils of government will receive \$40.3 million.

Beginning in FY 18, The bill requires that the grant a municipality receives under this provision of the bill be reduced in the event that municipal spending growth exceeds 2.5%, or inflation (whichever is greater) based on the two prior years.

#### Grand List Growth Sharing

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<sup>1</sup> The FY 16 figure represents nine months of deposits, resulting from the timing of sSB 946. The FY 17 figure represents an annualized figure.

The bill allows each regional council of government (COG) to establish a property tax base sharing program under which its member municipalities share property tax revenues generated by the growth in their commercial and industrial property tax bases.

Under the bill's provisions, towns would remit a payment to their COGs equal to 20% (or less) of net commercial and industrial grand list growth, divided by 1,000, and multiplied by the regional mill rate. For example, if a participating town's commercial and industrial grand list grew by \$1 million, it could remit a payment of up to \$6,000 to its COG (assuming a regional mill rate of 30).

The bill then establishes a formula for calculating the municipal commercial and industrial mill rate (for any participating municipality). The mill rate is intended to raise enough revenue to offset the payment to the COG.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in municipal grand lists and mill rates.

**OLR Bill Analysis****sSB 1*****AN ACT CONCERNING TAX FAIRNESS AND ECONOMIC DEVELOPMENT.*****SUMMARY:**

This bill authorizes several initiatives to strengthen municipalities' fiscal capacity and minimize disparities resulting from the property tax on motor vehicles.

The bill restructures the state's payment in lieu of taxes (PILOT) programs by establishing minimum annual payments and a method for disbursing PILOT grants when appropriations are not enough to fund the full grant amounts. It also modifies the distribution formulas for the Mashantucket and Mohegan Fund grants that are currently linked to the state's PILOT grants.

The bill establishes a mechanism for sharing state sales and use tax revenue in the Municipal Revenue Sharing Account (MRSA) with municipalities and the state's nine regional councils of government (COGs). It apportions 90% of the revenue to municipalities according to the formulas it specifies and 10% to the COGs on a per capita basis.

The bill authorizes a regional property tax base revenue sharing program for municipalities within a planning region (see BACKGROUND) to share up to 20% of the property tax revenue generated on specified commercial and industrial (C&I) property. The bill requires a COG's member municipalities to unanimously agree to participate in the program in order to implement it. Those that do must (1) tax C&I property at a composite mill rate, based in part on the average mill rate in their regions, and (2) share up to 20% of the property tax revenue generated by the growth in their C&I property tax bases since 2013.

Lastly, beginning with the 2015 assessment year (for taxes to be paid in FY 17), the bill allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle rate at 29.36.

EFFECTIVE DATE: July 1, 2016, unless otherwise noted below.

## **§§ 1-22 — PILOT PROGRAM**

The bill restructures the state's PILOT programs, requiring municipalities to receive minimum annual grant amounts equal to the amounts they received in FY 15. It maintains the existing PILOT reimbursement rate schedule, but establishes minimum reimbursement rates for a subset of PILOT-eligible properties that apply when the appropriation for the grants is not enough to fully fund them.

### ***Eligible Property and Reimbursement Rates (§§ 1-6)***

By law, the state makes annual PILOT payments to municipalities to reimburse them for a part of the revenue loss from (1) state-owned property, Indian reservation and trust land, and municipally owned airports ("state, municipal, and tribal property") and (2) private nonprofit college and hospital property ("college and hospital property"). Under current law, these PILOTs are based on (1) a specified percentage of taxes that each municipality would otherwise collect on the property and (2) the amount the state appropriates for the payments.

Beginning in FY 17, the bill sunsets the current PILOT programs and requires all PILOTs to be paid under a new consolidated program that establishes a minimum grant amount. The new program reimburses municipalities for the same types of property, at the same reimbursement rates, using the same application and payment process as the current program. As under current law, the rate is (1) 45% for state-owned property, (2) 77% for college and hospital property, and (3) between 45% and 100% for other specified properties (see BACKGROUND).

The bill also retains the following PILOTs for municipalities that host specified properties or institutions:

1. \$100,000 to Branford for Connecticut Hospice,
2. \$1 million to New London for the U.S. Coast Guard Academy, and
3. an additional \$60,000 to Voluntown for state-owned forest land.

### ***Eligible Municipalities (§ 1)***

Under current law, only towns and boroughs are eligible for state, municipal, and tribal property PILOTs. The bill conforms the law to current practice by extending such PILOTs to cities, consolidated towns and cities, and consolidated towns and boroughs.

As under existing law, the bill provides college and hospital property PILOTs to towns, boroughs, cities, consolidated towns and cities, and consolidated towns and boroughs, and village, fire, sewer, or combination fire and sewer districts, and other municipal organizations authorized to levy and collect taxes.

### ***Prorated Grant Amounts (§ 1)***

Under current law, the PILOTs are proportionately reduced if the amount appropriated is not enough to fund the full amount to every municipality. The bill maintains this requirement, but adds two mitigating features. It requires each municipality to receive PILOTs that equal or exceed their total FY 15 PILOTs. It also establishes a minimum reimbursement rate for specific types of PILOT-eligible property, based on a municipality's mill rate. PILOTs for all other eligible properties must be proportionately reduced, as under current law. In either case, each municipality must receive PILOTs that equal or exceed the amount they received in FY 15.

***Minimum Reimbursement Rate.*** The bill establishes a minimum reimbursement rate for PILOTs on (1) state-owned property (i.e., the category of state-owned property reimbursed at 45%); (2) private,

nonprofit colleges and universities; (3) nonprofit general and chronic disease hospitals; and (4) certain urgent care facilities (see BACKGROUND).

Under the bill, the Office of Policy and Management (OPM) must rank each municipality based on (1) its mill rate and (2) the percentage of tax-exempt property on its grand list, excluding correctional and juvenile detention facilities and municipally-owned property (other than municipal airports). OPM must give boroughs and districts the same rankings as the municipalities in which they are located.

The bill sets a minimum reimbursement rate for municipalities based on this ranking, as shown in Table 1.

**Table 1: Minimum PILOT Reimbursement Rates**

<i>Municipalities</i>	<i>College and Hospital Property</i>	<i>State-Owned Property</i>
10 municipalities with the highest percentage of tax-exempt property and a mill rate of at least 25	42%	32%
Next 25 municipalities with a mill rate of at least 25	37%	28%
All other municipalities	32%	24%

Under the bill, the grants must be increased proportionately if the amount appropriated for the grants is not enough to fully fund them, but exceeds the amount necessary to fund the minimum reimbursement rates shown above.

### ***Reporting Requirement (§ 1)***

The bill requires OPM, beginning by July 1, 2017, to annually report for four years to the Finance, Revenue and Bonding Committee on the PILOTs and include its recommendations for changes.

### ***Mashantucket Pequot and Mohegan Fund Distribution (§ 9)***

Current law annually allocates a portion of the Mashantucket Pequot and Mohegan Fund to municipalities according to distribution formulas that are linked to the state, municipal, and tribal property and college and hospital property PILOTs (\$20,000,000 and \$20,123,916, respectively). The bill instead sets each municipality's

distribution of the funds equal to the amount they received in FY 15. It also makes a conforming change to reflect the bill's PILOT provisions.

EFFECTIVE DATE: July 1, 2016, except that the provisions sunsetting the current PILOT programs are effective July 1, 2015.

### **§§ 23 & 25 — MOTOR VEHICLE PROPERTY TAX MILL RATES**

Beginning with the October 1, 2015 grand list, the bill allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle rate at 29.36. (Municipalities annually assess all property for taxes on October 1 and begin taxing the property on the following July 1, when the new fiscal year begins.) It makes a conforming change to a provision allowing municipalities with more than one taxing district to set a uniform citywide mill rate for taxing motor vehicles.

EFFECTIVE DATE: October 1, 2015, and applicable to assessment years beginning on or after that date.

### **§ 24 — MUNICIPAL REVENUE SHARING ACCOUNT (MRSA) DISTRIBUTIONS**

sSB 946, reported favorably by the Finance, Revenue and Bonding Committee, directs a portion of sales tax revenue to MRSA (see BACKGROUND). Beginning October 1, 2016, this bill requires OPM to distribute that revenue to municipalities and the state's nine regional COGs. It apportions 90% of the revenue to municipalities according to the formulas it specifies (see below) and 10% to the COGs on a per capita basis. OPM must calculate the per capita grants to COGs based on the most recent Department of Public Health (DPH) population estimate.

The bill also eliminates the current process for distributing MRSA funds, which requires OPM to (1) provide manufacturing transition grants to municipalities and (2) distribute any remaining funds according to a specified municipal revenue sharing formula.

#### ***Basis for Municipal Distribution***

The formula for distributing MRSA funds to municipalities depends on a municipality's motor vehicle mill rate (MVMR). As explained below, it gives more weight to municipalities with relatively high motor vehicle mill rates by setting a 25-mill threshold and basing the distribution on whether a municipality's MVMR is above or below that threshold.

***Formula for Distributing Funds to Municipalities below the Threshold.*** OPM must calculate grant amounts for municipalities below the 25-mill threshold using the bill's per capita and pro rata formulas. A municipality's grant is the lesser of the per capita and pro rata distributions.

OPM must calculate each municipality's per capita distribution by multiplying the municipality's share of the state's total population (based on the most recent DPH estimate) by the total sales tax revenue in MRSA.

OPM must calculate each municipality's pro rata distribution using a multi-step formula, as follows:

1. First, it must calculate a municipality's "weighted mill rate," which is its MVMR for FY 15 divided by the average FY 15 MVMR for all municipalities.
2. Next, it must multiply the municipality's weighted mill rate by its per capita distribution. (This step increases a municipality's share of the sales tax revenue if the municipality's FY 15 MVMR is greater than the statewide FY 15 MVMR average and lowers it if the MVMR is less than that average. The bill refers to the outcome of this step as the "municipal weighted mill rate calculation.")
3. OPM must then (1) divide the municipal weighted mill rate calculation by the sum of all municipal weighted mill rate calculations and (2) multiply the result by the total sales tax revenue in MRSA, thus yielding the municipality's pro rata

distribution.

**Grant Formula for Municipalities At or Above the 25-mill Threshold.** The formula for municipalities at or above the 25-mill threshold also begins by calculating the per capita and pro rata distributions, but OPM must select the greater of the two amounts and increase it based on a specified ratio. OPM must determine that ratio by:

1. subtracting the total pro rata grants for municipalities below the 25-mill threshold from the total per capita grants for such municipalities and
2. dividing the difference by the sum of the pro rata and per capita distributions for municipalities at or above the 25-mill threshold.

Presumably, OPM must multiply the ratio by the per capita or pro rata distribution in order to increase it.

The bill caps the grant amounts for specified municipalities. It caps Hartford's grant at 5.2% of the municipal MRSA distributions, Bridgeport's at 4.5%, New Haven's at 2.0%, and Stamford's at 2.8%. OPM must redistribute any funds remaining after determining these caps to all other municipalities with MVMRs at or above the 25-mill threshold according to the pro rata distribution formula used to determine their initial grant amounts.

### **Proportionate Reductions**

OPM must proportionately reduce each municipality's grant if the total amount of grants for all municipalities exceeds the available MRSA funds.

### **Spending Penalty**

Beginning in FY 18, OPM must reduce the grant amount for those municipalities whose spending (minus debt service) exceeds the bill's spending limit. Each fiscal year, OPM must determine the

municipality's percentage growth in spending in the prior fiscal year (compared to the previous year) and reduce the grant by an unspecified amount if the growth rate exceeds 2.5% or the inflation rate, whichever is greater.

### ***Reducing or Eliminating MRSA Funds***

The bill imposes procedural requirements on bills to reduce or eliminate MRSA funds. Before the legislature can enact any bill that would reduce or eliminate these funds, the Appropriations and Finance, Revenue and Bonding committees must approve the bill by a three-fifths vote. It is unclear whether this provision is enforceable against future legislatures (see BACKGROUND).

EFFECTIVE DATE: October 1, 2015

### **§§ 26-30 — PROPERTY TAX BASE REVENUE SHARING PROGRAM**

The bill authorizes COGs to establish a property tax base revenue sharing program under which the municipalities in their planning regions (1) tax C&I property at a composite mill rate, based in part on the average mill rate in their regions, and (2) share up to 20% of the property tax revenue generated by the growth in their C&I property tax bases since 2013, which the bill designates as the base year. The revenue sharing must be administered by an auditor elected by a COG's members.

The bill allows a COG to implement the program only if its member municipalities unanimously authorize it to do so. It appears that COGs must decide whether to participate by August 1, 2016.

It allows COGs to establish the program beginning with the 2015 assessment year and, for those doing so, requires municipalities to begin, on or after January 1, 2017, annually remitting revenue sharing payments by February 1, for redistribution as described below.

### ***Mill Rate***

***Growth in C&I Property Tax Base.*** In regions implementing the

revenue sharing program, the growth in a municipality's C&I property tax base must be taxed at a composite rate determined according to the following formula. Under the bill, growth in a municipality's C&I property tax base is measured as the difference between the total assessed value of its C&I property for the current year, minus the total assessed value of its C&I property for the base year ("increase from base year").

The bill defines C&I property as real property used for:

1. selling goods or services, including nonresidential living accommodations, dining establishments, motor vehicle services, warehouses, distribution facilities, retail services, banks, office buildings, multipurpose buildings, commercial condominiums for retail or wholesale use, recreation facilities, entertainment facilities, airports, hotels, and motels; and
2. producing or fabricating durable and nondurable man-made goods from raw materials or compounded parts.

It includes the lot or land on which a building is situated and any accessory improvements, including pavement and storage buildings, but excludes any real property located in an enterprise zone.

***Municipal Commercial Industrial Mill Rate.*** The bill requires municipalities in participating COGs that have experienced an increase in their C&I tax base from the base year to tax C&I property at a "municipal commercial industrial mill rate," rather than their local mill rates. Municipalities that have experienced no change or a decrease in their C&I tax base since the base year must tax C&I property using their local mill rates.

The municipal commercial industrial mill rate is calculated according to a formula that incorporates the average mill rate in the municipality's planning region ("regional mill rate") and the municipality's mill rate for the following fiscal year (i.e., the mill rate effective July 1 of the current year). Although the bill does not specify

when the municipality must calculate this rate, presumably it would do so after finalizing its budget for the following year (typically in May or June).

The mill rate is determined by dividing the sum of the following three amounts by the total assessed value of the municipality's C&I property for the current assessment year:

1. the revenue sharing percentage determined by the COG (i.e., 0.2 or less) multiplied by the (a) increase from the base year and (b) regional mill rate;
2. 0.8 multiplied by the (a) increase from the base year and (b) municipal mill rate for the following fiscal year; and
3. the total assessed value of C&I property for the base year ("municipal base value") multiplied by the municipal mill rate for the following fiscal year.

### **Revenue Sharing**

**Percentage.** The municipalities in a planning region that implements the program must share a portion of the revenue generated by the growth in their C&I tax base. Each COG implementing the program must determine the revenue sharing percentage. That percentage, which must be 20% or less, is a variable in the formulas used to calculate the (1) municipal commercial industrial mill rate and (2) municipal contribution to the area-wide tax base, described below.

**Municipal Contribution to the Area-Wide Tax Base.** Starting January 1, 2017, each municipality in a participating COG must annually remit, by February 1, its property tax revenue sharing payment (i.e., its "municipal contribution to the area-wide tax base") to the administrative auditor (see below). The payment is a portion of the property taxes paid on the growth in the municipality's C&I tax base since 2013, based on the regional mill rate.

The municipality must calculate the payment amount by (1) multiplying its increase from the base year by the revenue sharing percentage set by the COG, (2) dividing that number by 1000, and (3) multiplying the result by the regional mill rate.

***Municipal Distribution Index.*** By March 1, annually, the administrative auditor must distribute the property tax revenue sharing payments according to a distribution index based on municipal fiscal capacity (“municipal distribution index”). For each municipality, the index equals the municipality’s population multiplied by a ratio measuring the average fiscal capacity in the region compared to the municipality’s fiscal capacity.

Specifically, the ratio’s numerator is the assessed value of all real property in the planning region, including PILOT-eligible property, divided by the region’s total population (“average fiscal capacity”). The denominator is the total assessed value of all real property in the municipality, including PILOT-eligible property, divided by the municipality’s total population (“municipal fiscal capacity”).

The auditor must distribute the revenue sharing payments in the same proportion as the municipality’s municipal distribution index bears to the total of all municipal distribution indices with the region. In other words, if the municipality’s fiscal capacity is the same as the regional average, its share of the funds will be the same as its share of the region’s population. If its fiscal capacity is above the regional average, its share will be smaller. If its fiscal capacity is below the regional average, its share will be larger.

Municipalities must use the revenue sharing payments in the same way and for the same purposes for which they use real property tax revenue.

### ***Administrative Auditor***

The bill requires each COG implementing the program to elect, from among its members, an administrative auditor to coordinate the property tax revenue sharing payments under the program. The COG

must elect the auditor by August 1, 2016 and in succeeding even-numbered years. If a majority of the COG's members is unable to agree on a person to serve as the auditor, the OPM secretary must appoint one from among the members.

The auditor serves for two years and until the COG elects his or her successor. If he or she ceases to serve as a COG member during his or her term, a successor must be chosen to serve for the unexpired term, in the same manner in which the original auditor was chosen (i.e., by the COG or OPM secretary).

The auditor must use the planning region's staff and facilities. The COG's member municipalities must reimburse it for the marginal expenses its staff incurs. Each municipality's share of the total expenses is based on its relative share of population in the region. Annually, by February 1, the auditor must certify, to each municipality's treasurer or other fiscal officer, the amount of total expenses for the preceding calendar year and the municipality's share of the expenses. The treasurer or officer must pay such amount to the planning region's treasurer or fiscal officer by the following March 1.

EFFECTIVE DATE: October 1, 2015, and applicable to assessment years beginning on or after that date, except for the provision requiring COGs to elect an administrative auditors, which is effective October 1, 2015.

## **BACKGROUND**

### ***Planning Regions***

By law, the OPM secretary designates the state's local planning regions. There are currently nine regions: Capitol, Greater Bridgeport, Lower CT River Valley, Naugatuck Valley, Northeastern, Northwest Hills, South Central, Southeastern, and Western.

### ***PILOT Rates for Specific Types of Property***

By law, PILOT reimbursement rates differ for specific types of properties, as shown in Table 2.

Table 2: PILOT Rates for Specified Property Types

<i>Type of Property</i>	<i>PILOT (% of lost tax revenue)</i>
<b><i>State-Owned Property PILOT</i></b>	
Correctional facility or juvenile detention center	100%
John Dempsey Hospital permanent medical ward for prisoners	100
Mashantucket Pequot reservation land (1) designated within 1983 settlement boundary and (2) taken into trust by the federal government for the Mashantucket Pequots on or after June 8, 1999	100
Land in any town where more than 50% of the land is state-owned	100
Connecticut Valley Hospital	65
Mashantucket Pequot reservation land (1) designated within the 1983 settlement boundary and (2) taken into trust by the federal government for the Mashantucket Pequots before June 8, 1999	45
Mohegan reservation land taken into trust by the federal government	45
Municipally owned airports	45
State-owned property	45
<b><i>College and Hospital PILOT</i></b>	
U.S. Department of Veterans Affairs Connecticut Healthcare Systems campuses	100
Private, nonprofit colleges and universities	77
Nonprofit general and chronic disease hospitals	77
Certain urgent care facilities	77

### ***Legislative Entrenchment***

Legislative entrenchment refers to one legislature restricting a future legislature's ability to enact legislation. For example, CGS § 2-35 previously prohibited appropriations bills from containing general legislation. (This provision has since been repealed.) In *Patterson v. Dempsey*, 152 Conn. 431 (1965), the Connecticut Supreme Court held that this provision of CGS § 2-35 was unenforceable, writing that, “to hold otherwise would be to hold that one General Assembly could effectively control the enactment of legislation by a subsequent General Assembly. This obviously is not true, except where vested rights, protected by the constitution, have accrued under the earlier act.”

### ***Related Bills***

sSB 946, favorably reported by the Finance, Revenue and Bonding Committee, splits the state’s 6.35% sales and use tax rate into a 5.85%

“state revenue tax” and 0.5% “municipal revenue tax” and directs the revenue attributed to the “municipal revenue tax” into MRSA.

sSB 1070, favorably reported by the Planning and Development Committee, (1) consolidates the state’s two PILOT programs into a single program, (2) expands it to include other types of tax-exempt property, and (3) restructures the statutory formulas for the grants.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute Change of Reference  
Yea 12 Nay 9 (03/27/2015)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute  
Yea 29 Nay 19 (04/30/2015)